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Systemwide Administration  
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August 3, 1982

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Gentlemen:

Re: Grants from Damon Runyon-Walter Winchell Cancer Fund

Your letter of July 22, 1982, received here on July 28 on the above subject was greatly appreciated. I understand your concern about the potential loss of funding from DRWW.

We have traditionally accepted the patent provisions of DRWW because we believed that they would concur with our filing patent applications. Unfortunately, when an invention did arise (using less than 20% DRWW funding), they refused to concur in our filing of a patent application. We were obligated to file under federal law, because DRWW funds had been commingled with those of NIH. In addition, DRWW's attorney wrote a forceful letter to President Saxon.

The Board of Patents, consisting of faculty members from each campus, considered the DRWW matter at its June meeting. The Board concurred with our recommendation that further funds not be accepted from DRWW until we could obtain acceptable patent provisions from them with respect to their grants.

At the time the difficulty mentioned above arose, we checked Systemwide records, which indicated that total funding from DRWW to all U.C. campuses was \$51,000.00 per year. We subsequently learned that many DRWW grants come through campus development offices and are not reported to Systemwide records as grants carrying patent obligations.

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I assure you that we have given prompt attention to this matter and anticipate an early resolution. That expectation is based on my meeting with DRWW's attorney in Los Angeles on July 16 and my anticipated meeting with their Executive Director in New York the week of August 9. Unfortunately, DRWW's Executive Committee does not meet again until September 10, with their full board meeting later. Nevertheless, I believe an interim accomodation can be found which will eliminate the current bar on the acceptance of DRWW grants.

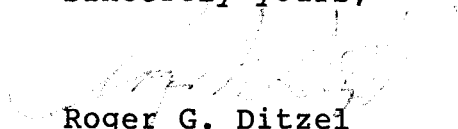
You may be interested to know that we are working with a number of large nonprofit funding agencies with respect to patent rights arising under their grants. These include the American Heart Association, the Muscular Dystrophy Association, the American Cancer Society, Multiple Sclerosis, and American Lung. The reason for this great flurry of activity is twofold. First, federal law has changed dramatically with respect to patent rights arising under University inventions. Secondly, in past decades very few patentable inventions arose in microbiology. Now the state of the sciences has advanced to the point where large numbers of inventions are arising in these fields. As a result, patent provisions established by nonprofit organizations a decade or more ago present unreasonable risks to the University in the acceptance of the prior language. That risk is based on the probability of having conflicting obligations to more than one sponsoring organization.

We are attempting to establish understandings with these nonprofit organizations that will allow the University to retain all patent rights, thus preventing conflicting obligations and allowing us to administer those inventions. In that way, additional risk capital necessary for development can be obtained and new products placed on the market for the public benefit. We know that, absent patent coverage, companies are unwilling to invest millions of dollars of risk capital for invention development.

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Thank you for expressing your concerns to us about DRWW funding and its importance to you and your units. We will resolve this matter as promptly as possible.

Sincerely yours,



Roger G. Ditzel  
Patent Administrator

cc: Mardie Petrakis  
Chancellor Krevans  
Dean's Office, School of Medicine  
Joe Cowan  
Professor Zachary Hall